GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6788
ANSWERED ON:10.05.2002
CO OPERATIVE SOCIETIES IN RECORDS OF INCOME TAX
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

(a) whether more than 4,25,000 co-operative societies were identified in the financial year 1999-00 but only a meagre 18,800 co-operative societies existed in the records of Income-tax department;

(b) if so, whether the Income-tax department has failed to ensure co-ordination with the Registering authority of co-operative societies;

(c) if so, whether there is any proper internal control system to monitor the assessment of the co-operative sector;

(d) if not, the reasons therefor; and

(e) the steps taken to being all co-operative societies in the net of Income tax?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) All the co-operative societies registered with the Registrar of Co-operative Societies do not exist in the records of the Income tax Department. Among such co-operative societies are Group Housing Societies, Residents Welfare Societies, Employees Welfare Societies etc. Many societies which have income from certain business activities are eligible for deduction u/s 80P of the Income tax Act, 1961, as a consequence of which their income is below taxable limit and no returns are filed. A co-operative society in which there is complete identity between the class of contributors and the class of participators is not liable to tax on the principle of mutality.

(b) At frequent intervals the Department has been obtaining the information/list of the co-operative societies newly registered with the Registrar of Co-operative Societies.

(c) There is proper internal control system to monitor the assessment of all the cases including the co-operative sector.

(d) Not applicable in view of (a),(b) & (c) above.

(e) The Co-operative Societies which are not filing their returns of income while having taxable income are being identified and necessary action as per Law would be taken after the non-filers are identified.